

Message Text

PAGE 01 STATE 056459

15

ORIGIN EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 DODE-00 ACDA-19 SS-20 NSC-07 EB-11 OMB-01 /139 R

DRAFTED BY OASD/ISA:CVMCLAUGHLIN:MEM

APPROVED BY EUR/RPM:EJSTREATOR

OASD/ISA:BG LOBDELL

OASD/PA AND E:MR.WOODS

EUR/WE:RGALLAGHER (INFO)

PM/ISP:JGRAHAM

EUR/RPM:LTC RTHOMPSON

EUR/RPM:WROMINE/ACFLOYD

----- 032195

P R 210038Z MAR 74

FM SECSTATE WASHDC

TO USMISSION NATO PRIORITY

INFO AMEMBASSY ROME

USNMR SHAPE

USDEL MC

USCINCEUR

USLOSACLANT

CINCLANT

S E C R E T STATE 056459

TMO. 11652: GDS

TAGS: MCAP, NATO, IT

SUBJECT: NATO FORCE PROPOSALS/GOALS 1975-80 ITALY

REFS: A. STATE 42348; B. MCM-14-74

1. THIS MESSAGE PROVIDES SPECIFIC GUIDANCE FOR MISSION USE DURING CONTINUING DRC REVIEW OF ITALIAN FORCE PROPOSALS/GOALS....THE GENERAL APPROACH USED IN DEVELOPING THIS GUIDANCE WAS DESCRIBED IN REFERENCE A. FYI. WE REITERATE THAT THE CONCEPT EMPLOYED IN ARRIVING AT U.S. PROPOSED FORCE GOALS DOES NOT ATTEMPT TO SUPPLANT THE MILITARY SECRET

PAGE 02 STATE 056459

CONSIDERATIONS EXPRESSED AS MC PRIORITIES IN FORCE PROPOSALS. RATHER, IT USES THOSE PROPOSALS AS A DEPARTURE POINT TO INTERWEAVE ECONOMIC, POLITICAL, AND USG POLICY CONSIDERATIONS INTO THE FORCE PLANNING PROCESSES OF THE

ALLIANCE. END FYI.

2. AS DESCRIBED IN REF A, OUR QTE REASONABLE CHALLENGE UNQTE FOR NATO COUNTRIES WAS DEFINED AS THE INCREMENTAL FUNDS -- OVER AND ABOVE CURRENT NATIONAL EXPENDITURE PLANS -- THAT COUNTRIES WOULD HAVE DURING 1975-80 IF THEY MAINTAINED THEIR CURRENT PERCENTAGE OF GNP DEVOTED TO DEFENSE. IN THE CASE OF ITALY OUR QTE REASONABLE CHALLENGE UNQTE WOULD BE AN ADDITIONAL EXPENDITURE OF 1,902 BILLION ITALIAN LIRE, OR AN INCREASE OF ABOUT THIRTEEN PERCENT OVER AND ABOVE OUR PROJECTION OF CURRENTLY PLANNED 1975-80 EXPENDITURES (IT LIRE 14,422 BILLION).

3. WE HAVE ALSO FOLLOWED THE PROCEDURE DESCRIBED IN REF A FOR DISTILLING A U.S. PROPOSED LIST OF PRIORITY ONE FORCE GOALS OUT OF REF B. IN THE CASE OF ITALY, NARROWING THE CRITERIA FOR PRIORITY ONE TO THOSE FORCE PROPOSALS WHICH SEEM TO ADVANCE NATO'S FORCE STRUCTURE TOWARDS THE OBJECTIVES EMPHASIZED BY SECRETARY SCHLESINGER HAS RESULTED IN THE PROPOSED FORCE GOALS INCLUDED BELOW IN TABLES III-1 THROUGH 3.

4. WE ASSUME MISSION WILL WORK CLOSELY WITH DELEGATIONS AND INTERNATIONAL STAFF IN CARRYING OUT APPROPRIATE MISSIONARY WORK.

5. THE FOLLOWING SECTIONS PROVIDE DETAILS ON THE FORCE PROPOSALS FOR ITALY.

SECTION II: COMPUTATION OF QTE REASONABLE CHALLENGE UNQTE EXPENDITURE TARGETS FOR ITALY

1. THIS SECTION DESCRIBES THE PROCESS USED TO ESTABLISH OUR REASONABLE CHALLENGE EXPENDITURE TARGETS FOR ITALY. A SUMMARY OF THE KEY STEPS IS PRESENTED BELOW FOLLOWED BY A GENERAL DESCRIPTION OF DATA SOURCES AND ASSUMPTIONS.

SECRET

PAGE 03 STATE 056459

1972 CONSTANT PRICES, LIRE IN BILLIONS

(1)	(2)	(3)
PROJECTED	PERCENTAGE OF	1975-80 DEFENSE
1975-80	GNP CURRENTLY	EXPENDITURES TARGET
GNP	DEVOTED TO	BASED ON MAINTAINING
	DEFENSE	CURRENT PERCENTAGES
	OF GNP DEVOTED TO	
	DEFENSE	
480,107	3.4 PERCENT	16,324
(4)	(5)	(6)

PROJECTED QTE REASONABLE QTE REASONABLE
 1975-80 DEFENSE CHALLENGE UNQTE CHALLENGE UNQTE AS
 EXPENDITURES (DIFFERENCE BETWEEN A PERCENT OF PRO-
 BASED ON CURRENT TARGET AND NATIONAL JECTED EXPENDITURES
 NATIONAL PLANS PLANS) (3) - (4) BASED ON NATIONAL
 PLANS

14,422 1,902 13.2 PERCENT

2. SUMMARY OF KEY STEPS

FIRST, WE PROJECTED TOTAL ITALIAN GNP FOR 1975 THROUGH

1980 (COL 1). NEXT, WE DETERMINED THE TOTAL FUNDS THAT
 WOULD BE AVAILABLE FOR DEFENSE DURING 1975-1980 IF ITALY
 ADHERED TO MINISTERIAL GUIDANCE CALLING FOR NATIONS TO
 ALLOCATE AT LEAST A CONSTANT SHARE OF THEIR NATIONAL
 WEALTH, I.E., THEIR GNP TO DEFENSE (COL. 3). WE THEN
 DETERMINED WHAT FUNDS ITALY WOULD HAVE AVAILABLE FOR
 DEFENSE DURING 1975-1980 BASED ON CURRENT NATIONAL
 EXPENDITURE PLANS (COL. 4). WE ASSUMED THAT THE FORCE
 PROPOSALS ALREADY IN NATIONAL FORCE PLANS WOULD BE FUNDED
 OUT OF THE AMOUNTS SHOWN IN COL. 4 AND THAT ADDITIONAL
 FUNDING, OVER AND ABOVE THE AMOUNTS SHOWN IN COL. 4,
 WOULD BE NECESSARY TO FUND ANY ADDITIONAL FORCE PRO-
 POSALS (OTHER THAN NO COST/LOW COST PROPOSALS). COLUMN 5
 IS THE DIFFERENCE BETWEEN TOTAL DEFENSE EXPENDITURES
 BASED ON MAINTAINING THE CURRENT GNP PERCENTAGE (COL. 3)
 SECRET

PAGE 04 STATE 056459

AND TOTAL DEFENSE EXPENDITURES BASED ON CURRENT NATIONAL
 EXPENDITURE PLANS (COL. 4). THIS REPRESENTS OUR PROPOSED
 REASONABLE CHALLENGE, THE INCREMENTAL AMOUNT ITALY WOULD
 BE EXPECTED TO DEVOTE TO DEFENSE TO FUND PRIORITY ONE
 FORCE PROPOSALS THAT ARE NOT ALREADY IN COUNTRY PLANS.
 THE FIGURE OF IT.L. 1,902 BILLION FOR 1975-1980 IS
 APPROXIMATELY IT. L. 900 BILLION ABOVE THE INTERNATIONAL
 STAFF'S LOW ESTIMATE OF THE REASONABLE CHALLENGE, AS
 REPORTED IN DRC/WR(74)1, AND ABOUT IT.L. 525 BILLION
 BELOW ITS HIGH ESTIMATE. COLUMN 6 SHOWS OUR PROPOSED
 REASONABLE CHALLENGE (COL. 5) AS A PERCENT OF DEFENSE
 EXPENDITURES BASED ON CURRENT NATIONAL EXPENDITURE PLANS
 (COL. 4). THIS PERCENTAGE INDICATES THE MAGNITUDE OF
 THE ADDITIONAL EFFORT THAT WOULD BE REQUIRED TO MEET THE
 PROPOSED REASONABLE CHALLENGE.

3. DATA SOURCES AND ASSUMPTIONS

A. PRICE BASE: ALL COMPUTATIONS WERE DEVELOPED ON
 THE BASIS OF 1972 CONSTANT PRICES. THIS WAS THE PRICE
 BASE USED BY SHAPE TECHNICAL CENTER IN ITS COST ESTIMATES
 OF THE FORCE PROPOSALS.

B. GNP PROJECTIONS (COLUMN 1): GNP PROJECTIONS ARE BASED ON THE FORECASTS PROVIDED IN NATO DOCUMENT DPC/D(73)23 (ITALY) ADJUSTED TO REFLECT RECENT INFORMATION CONCERNING THE IMPACT OF THE ENERGY CRISIS. BASED ON PROJECTIONS PROVIDED IN ROME 882 AND INFORMATION PROVIDED BY USG AGENCIES WE ESTIMATED THAT 1974 GNP WOULD REPRESENT A TWO PERCENT INCREASE IN REAL TERMS OVER 1973. IT WAS ASSUMED THAT GNP WOULD GROW FOLLOWING 1974 (3.5 PERCENT IN 1975 AND 5.0 PERCENT IN 1976) BUT DUE TO LINGERING EFFECTS OF THE ENERGY CRISIS WOULD NOT ACHIEVE THE 6.0 PERCENT PER YEAR GROWTH RATE PROJECTED IN

DPC/D(73)23 UNTIL AROUND 1977. WE ASSUMED THE 6.0 PERCENT GROWTH RATE WOULD THEN BE MAINTAINED THROUGH 1980. TOTAL 1975-1980 GNP PROJECTED AS DESCRIBED ABOVE IS APPROXIMATELY TWO PERCENT HIGHER THAN THE QTE LOW UNQTE GNP ESTIMATE MADE BY THE INTERNATIONAL STAFF IN DRC/WP(74)1 AND APPROXIMATELY SIX PERCENT BELOW THE QTE HIGH SECRET

PAGE 05 STATE 056459

UNQTE GNP ESTIMATE PROVIDED IN THAT DOCUMENT.

C. CURRENT GNP PERCENTAGE DEVOTED TO DEFENSE (COL. 2): THIS FIGURE, CALCULATED USING THE GNP PERCENTAGES SHOWN IN NATO DOCUMENT ISM(73)11, REPRESENTS THE AVERAGE OF ITALY'S 1972 AND 1973 GNP PERCENTAGES. SINCE GNP PERCENTAGES WILL FLUCTUATE FROM YEAR TO YEAR AND SINCE 1973 DATA IS STILL SUBJECT TO CHANGE, THE AVERAGE FOR THE TWO MOST RECENT YEARS, 1972 AND 1973, WAS CONSIDERED TO BE A MORE REPRESENTATIVE INDICATION OF A COUNTRY'S RECENT EFFORT THAN EITHER 1972 OR 1973 ALONE. THE GNP PERCENTAGE DEVELOPED AS DESCRIBED ABOVE IS HIGHER THAN THE GNP PERCENTAGE USED IN DRC/WP(74)1 (3.29 PERCENT) WHICH WAS BASED ON 1973 ALONE.

D. TOTAL DEFENSE EXPENDITURES BASED ON CURRENT NATIONAL PLANS (COL 4): ITALY HAS NOT REVEALED ITS DEFENSE EXPENDITURE PLANS BEYOND 1974. BASED ON ESTIMATES PROVIDED BY USMISSION NATO (USNATO 819) WE ASSUMED ITALIAN DEFENSE EXPENDITURES WOULD GROW AT AN AVERAGE RATE OF 2.5 PERCENT PER YEAR FOR 1974-80. OUR ESTIMATE FOR 1973 GROWTH WAS BASED ON THE DEFENSE EXPENDITURE ESTIMATE REPORTED IN ISM(73)11, DEFLATED USING THE GNP DEFLATOR REPORTED IN DPC/D(73)23. THE 1975-80 TOTAL DEVELOPED AS DESCRIBED ABOVE COINCIDES WITH THE INTERNATIONAL STAFF ESTIMATE PROVIDED IN DRC/WP(74)1.

SECTION III: PRIORITY ONE DRAFT GOALS FOR ITALY

1. BY THE PROCEDURE DETAILED IN REF A WE HAVE IDENTIFIED PROPOSALS WHICH MEET THE SECDEF CRITERIA. THESE WERE

GIVEN U.S. PRIORITY ONE, INDEPENDENT OF THE MC PRIORITY. IF COSTS WERE INCLUDED WITHIN COUNTRY PLANS, A LETTER C APPEARS IN THE COST COLUMN OF EACH OF THE FOLLOWING THREE TABLES. COSTS INDICATED ARE THOSE COSTS OVER AND ABOVE DRAFT COUNTRY PLANS. TABULATED IN TABLES III-1, III-2 AND III-3 BELOW ARE PROPOSED GOALS FOR THE LAND, AIR AND MARITIME FORCES OF ITALY. THOSE PROPOSALS MEETING SECDEF CRITERIA FOR WHICH COSTS HAVE BEEN IDENTIFIED AMOUNT TO 3,374 BILLION ITALIAN LIRE. THAT AMOUNT DOES NOT INCLUDE THE REMAINING COSTS OF PROPOSALS WHICH MET

SECRET

PAGE 06 STATE 056459

THE SECDEF CRITERIA FOR U.S. PRIORITY ONE, BUT FOR WHICH COSTS HAVE NOT BEEN AVAILABLE.

2. FOR U.S. PRIORITY ONE PROPOSALS, ESTABLISHED IN ACCORDANCE WITH CRITERIA OUTLINED IN SECDEF STATEMENTS TO NATO. THE U.S. TYPE CODES SHOWN ON THE TABLES ARE AS FOLLOWS:

TYPE CODE	PURPOSE OF PROPOSAL
M	MAINTAIN THE CURRENT SIZE AND READINESS OF FORCES, REPLACING WORN-OUT OR OBSOLETE EQUIPMENT AS NEEDED.
NC	MAKE IMPROVEMENTS THAT HAVE LITTLE OR NO COST.
R/S	TAKE ADVANTAGE OF EFFICIENCIES GAINED THROUGH RATIONALIZATION AND SPECIALIZATION OF FORCES.
AT	IMPROVE ANTI-ARMOR DEFENSES.
AD	IMPROVE CLOSE IN AIR DEFENSES.
AP	IMPROVE AIRCRAFT PROTECTION THROUGH SHELTERS AND DISPERSAL.
EW	IMPROVE ECM/ECCM CAPABILITIES.
WR	INCREASE WAR RESERVES, ESPECIALLY PRECISION MUNITIONS.

TABLE III-1 HIGHEST PRIORITY FORCE PROPOSALS

COUNTRY: ITALY FORCE: LAND

1975-80

PROPOSAL	COST OVER AND ABOVE	MC	U.S. TYPE
SERIAL NO.	COUNTRY PLANS (BIL)	PRIORITY	CODE

SECRET

PAGE 07 STATE 056459

1L01	210.0	I	M	
1L02	1143.3	I	WR	
1L03	C	I	AD	
1L04	149.2	I	AT	
1L05	605.1	I	M	
1L14	9.4	I	EW	
1L15	6.1	II	EW	
1L16	20.5	II	EW	
1L16	20.5	II	EW	
1L17	COSTS NOT AVAILABLE		III	EW
1L18	C	I	EW	
1L13	30.0	I	M	

TOTAL 8 AT 2173.6

1 AT COSTS NOT AVAILABLE

2 FOR WHICH COSTS INCLUDED IN COUNTRY PLANS.

TABLE III-2 HIGHEST PRIORITY FORCE PROPOSALS

COUNTRY: ITALY FORCE: AIR

1975-80

PROPOSAL SERIAL NO.	COST OVER AND ABOVE COUNTRY PLANS (BIL)	MC PRIORITY	U.S. TYPE CODE
------------------------	--	----------------	-------------------

1A02A	5.4	I	M
1A03	48.0	I	EW
1A04	78.6	I	EW
1A05	47.6	I	WR
1A07	327.0	I	AD
1A08A	11.5	I	WR
1A08B	ASTERISK	I	WR
1A08C	ASTERISK	I	WR
1A08E	1.0	I	NC
1A08F	ASTERISK	I	M, NC
1A12	48.0	I	AD
1A13	4.4	I	NC
1A15A	171.6	I	M
1A18	6.0	II	NC
1A20 (AMENDED)	28.4	II	EW

SECRET

PAGE 08 STATE 056459

1A23	21.5	II	EW
1A25	20.0	II	AP
1A27	17.L	III	AP
1A06	20.0	I	AT

TOTALS: 19 AT 852.1

ASTERISK: COSTS INCLUDED IN 1A05

TABLE III-3 HIGHEST PRIORITY FORCE PROPOSALS

COUNTRY: ITALY FORCE: MARITIME

1975-80

PROPOSAL SERIAL NO.	COST OVER AND ABOVE COUNTRY PLANS (BIL)	MC PRIORITY	U.S. TYPE CODE
1M01A	10.3	I	AD
1M01B	29.2	I	AD
1M01C	1.3	I	AD
1M07	37.2	I	EW
1M08	101.9	I	M
1M09	61.7	II	WR
1M15	C	II	M
1M19C	106.2	III	AD
1M20	COSTS NOT AVAILABLE	II	M
1M12	C	II	NC

TOTALS: 7 AT 347.8

1 AT COSTS NOT AVAILABLE

2 FOR WHICH COSTS INCLUDED IN COUNTRY PLANS.

SECTION IV: ANALYSIS AND U.S. PROPOSAL

1. COST OF PROPOSED U.S. PRIORITY ONE GOALS.

A. THE TOTAL COST OF U.S. SUGGESTED PRIORITY ONE LAND, AIR AND MARITIME DRAFT FORCE GOALS, OVER AND ABOVE CURRENT ITALIAN COUNTRY PLANS, IS 3,374 BILLION ITALIAN LIRE.

B. ACCORDINGLY, IF ACCEPTED, THE U.S. PROPOSED FORCE
SECRET

PAGE 09 STATE 056459

GOALS FOR ITALY WOULD REQUIRE AN EXPENDITURE INCREASE OVER AND ABOVE ESTIMATED CURRENT NATIONAL PLANS (14,422 BILLION ITALIAN LIRE) OF ABOUT TWENTY-THREE PERCENT. THAT AMOUNT WOULD APPEAR TO BE TOO GREAT A BURDEN COMPARED TO THE 13.2 CALCULATED IN SECTION II AS COMPRISING A QTE REASONABLE CHALLENGE. UNQTE

C. THE TABLE BELOW SUMMARIZES THE TOTAL COSTS OF U.S. PROPOSED PRIORITY ONE LAND, AIR, AND MARITIME DRAFT FORCE GOALS, OVER AND ABOVE CURRENT ITALIAN COUNTRY PLANS, AND COMPARES THAT TOTAL TO THE ADDITIONAL AMOUNT THAT COULD BE SPENT WERE THE ITALIANS TO ACCEPT AS A REASONABLE CHALLENGE AN EXPENDITURE THROUGH 1980 OF THE SAME

PERCENT OF GNP AS NOW DEVOTED TO DEFENSE, OR 1,902
BILLION ITALIAN LIRE.

TABLE IV: ADDITIONAL FUNDS FOR DRAFT FORCE GOALS
(BILLION ITALIAN LIRE)

AVAILABLE 1975-1980 AT CURRENT PERCENT OF GNP 1,902

LESS IDENTIFIED COSTS OF US PRIORITY

ONE PROPOSALS 3,374

BALANCE AVAILABLE (DEFICIT) -1,452

2. THE U.S. SHOULD, THEREFORE, PROPOSE THAT:

A. ITALY ACCEPT AS DRAFT FORCE GOALS ALL LISTED FORCE PROPOSALS FOR WHICH (A) COSTS OVER AND ABOVE PRESENT COUNTRY PLANS HAVE BEEN FULLY IDENTIFIED, AND (B) SUCH COSTS CAN BE ACCOMMODATED WITHIN A QTE REASONABLE CHALLENGE UNQTE DERIVED BY THE METHOD DETAILED IN SECTION II ABOVE;

B. ITALY CONSIDER WHICH, IF ANY, OF THE FORCE PROPOSALS IN COUNTRY PLANS BUT EXCLUDED FROM THE LIST OF U.S. PROPOSED FORCE GOALS IT MIGHT WISH TO ACCEPT AS PRIORITY TWO OR THREE, OR DROP ALTOGETHER;

C. TO THE EXTENT THAT FUNDS MIGHT BE RELEASED BY SUCH
SECRET

PAGE 10 STATE 056459

DECISIONS, ITALY CONSIDER ACCEPTING AS PRIORITY ONE AND REALLOCATING FREED FUNDS TO SOME ADDITIONAL ITEMS ON THE LIST OF U.S. PROPOSED FORCE GOALS; AND

D. FIRST PRIORITY BE GIVEN TO THOSE PROPOSALS CARRYING THE HIGHEST MC PRIORITY AND APPEARING IN THE LIST OF U.S. PROPOSED FORCE GOALS.

3. WASHINGTON WILL CONTINUE TO KEEP THE EVALUATION OF NATO FORCE GOALS UNDER CAREFUL REVIEW IN THE LIGHT OF DEVELOPMENTS REPORTED BY THE MISSION AND WILL BE PREPARED TO SUPPLEMENT OR REVISE GUIDANCE AS MAY BE CONSIDERED APPROPRIATE.

KISSINGER

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, GOVERNMENT BUDGET, MEETINGS, MILITARY PLANS, FINANCIAL DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE056459
Document Source: ADS
Document Unique ID: 00
Drafter: OASD/ISA:CVMCLAUGHLIN:MEM
Enclosure: DG ALTERED
Executive Order: N/A
Errors: n/a
Film Number: D740059-0463
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740382/abbrzcqa.tel
Line Count: 428
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: A. STATE 42348; B. MCM-14-74
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2002 by ifshinsr>; APPROVED <30-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATO FORCE PROPOSALS/GOALS 1975-80 ITALY
TAGS: MCAP, IT, US, NATO
To: NATO INFO ROME
USNMR SHAPE
MC
USCINCEUR
USLOSACLANT
CINCLANT
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005